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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 001234

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SUBJECT: PARLIAMENT APPROVES 2005 BUDGET BY WIDE MARGIN

AFTER LENGTHY DEBATE

REF: A. AMMAN 187

[¶](#)B. 04 AMMAN 10173

Classified By: CDA David Hale for Reasons 1.4 (b), (d)

SUMMARY

[¶](#)1. (C) The Lower House of Parliament approved the government's 2005 budget of 3.3 billion Jordanian dinars (JD) -- approximately USD 4.7 billion -- on February 12 by a vote of 82 to 24. During the four days of debate preceding the vote, 99 out of 110 MPs insisted on presenting individual speeches which included a hodgepodge of non-financial subjects. Former Prime Minister Rawabdeh and some of his allies sharply criticized the current cabinet and joined MPs from the Islamic Action Front (IAF) in opposing the budget. The government's victory reflected a strong behind-the-scenes campaign to pressure MPs to deliver a favorable outcome. End Summary.

COMMITTEE ISSUES A QUALIFIED ENDORSEMENT

[¶](#)2. (U) Prior to open debate by MPs, the government's budget for 2005 was examined by the Lower House financial committee. (NOTE: An economic analysis of the budget will be provided septel. END NOTE.) The 11-member committee voted 8-3 on February 2 to recommend approval of the budget, but issued 30 accompanying "recommendations" in a 58-page report. These recommendations, focused primarily on means to reduce the estimated JD 270 million (roughly USD 381 million) budget deficit, included suggested cuts in current and capital expenditures, proposed new taxes on dividends and insurance companies, and a moratorium on new international loans.

[¶](#)3. (C) MP and financial committee member Mohammad Al-Shawabkeh (East Banker, Madaba) had earlier voted in the committee against recommending approval of the budget for what he considered a lack of transparency. Shawabkeh, a U.S. citizen who owns a successful tourist-oriented store in New Mexico, told poloff that he objected to the budget because it did not include all government expenditures and contained expensive outlays that no one was able to justify to him. Nevertheless, he changed his vote after coming under "enormous pressure" from the GOJ. Shawabkeh said he had received calls from several government officials, including an agitated Prime Minister Faisal Al-Fayez, who explained how it was "in (his) interest and the interest of Jordan" to drop his opposition.

EVERYONE GETS TO SPEAK

[¶](#)4. (U) By tradition and internal by-laws, each of the 110 MPs in the Lower House was allowed 15 minutes during open debate to present his or her comments on the budget, as well as to address any other topic. 99 MPs insisted on exercising this prerogative, resulting in four full days of nearly continuous speeches. While a majority of remarks related to the budget, MPs also used their time on the floor to cover a hodgepodge of issues they hoped would resonate with constituents bored enough to watch proceedings on Jordan TV, including expressions of support for the Palestinian people, criticism of inaction on corruption, charges of government nepotism, and complaints that ministers and senior officials had not been appointed from their districts.

[¶](#)5. (U) A few common themes emerged from the budget debate. Many MPs spoke out against what they considered a dangerously high reliance on foreign assistance (foreign grants constitute 32 percent of the budget) and a wide gap between government revenues and expenditures. At the same time, numerous MPs vocally rejected any increases in commodity prices, including fuel oil, or university fees. Several MPs called for closer monitoring of the government's Socio-Economic Transformation Plan (SETP), included in the budget for the first time, on the grounds that its projects were "executed chaotically or on the basis of favoritism."

16. (U) Some of the most senior and influential members of the Lower House were unabashedly critical of the current cabinet during the budget debate. Former Lower House Speaker Saad Hayel Srour (East Banker, Northern Badia) painted a picture of a disjointed and divided cabinet, claiming that there was "more than one team and more than one head in this government." Former minister of justice and former IAF member Abdullah Akayleh (East Banker, Tafilah) charged that "there is a smaller team within the government led by the Minister of Planning setting the government's policies." Former Prime Minister Abdur Rauf Rawabdeh, who normally refrains from addressing the Lower House during budget or government confidence debates, was the last MP to speak. He criticized the cabinet for "trying to run a country the way you run a company" and for ignoring constructive advice from seasoned politicians. "It seems that now is not the time for those who are considered from the old guard . . . since anyone who suggests a different opinion is considered a backward force," Rawabdeh stated.

A GOVERNMENT WIN

17. (U) In responding to MPs before the budget vote, Prime Minister Fayed refuted claims that there was a "government within a government," insisting that "the ministers work as one team." He also took aim at Rawabdeh's comments by stressing the need for injecting "new blood" in the government to reflect Jordan's high percentage of young people "who should be given the chance to serve their country." Fayed summarized his government's economic achievements and reiterated the cabinet's commitment to social, political and economic development.

18. (U) When the vote finally took place late on February 9, the budget was passed by 82 MPs out of 106 present. Apart from the 17 members of the IAF, only seven MPs voted against the budget, including Rawabdeh and Srour. The Lower House also approved several of the Financial Committee's recommendations, although these are not binding on the government (and have been routinely ignored by the GOJ in the past). The budget next moves to the Senate, which given past practice is expected to pass it after a generally perfunctory examination.

COMMENT

19. (C) The government's success in garnering a large majority to support its budget did not come without considerable effort and expense. According to contacts within Parliament and political insiders, the GOJ recognized that strained relations with MPs could endanger passage of the budget (ref a) and thus waged a vigorous behind-the-scenes lobbying campaign that included, as necessary, promises of government jobs for friends and relatives, new cars, and cold cash. Several MPs confided to emboffs how some of their colleagues had been "paid off," although they all denied having received any financial incentives themselves. While this strategy proved successful for the GOJ in this instance, it will likely raise expectations and demands by MPs the next time the government needs to push a high-profile, controversial item through Parliament.

HALE